

## **Appendix D--Public Affairs Guidance**

1. General Information. This appendix provides public affairs guidance relating to the Commercial Activities (CA) Program. Because of the CA Program's potential effect on an activity's workforce and upon the surrounding community, it is essential there be close coordination between affected installation commanders, activity commanders, local CA Program managers, and area chain of command Public Affairs Officers (PAO).

a. The Deputy Chief of Naval Operations for Logistics coordinates and directs overall policy regarding the Navy CA Program.

b. The CNO (N4) notifies activities via message of functions approved for cost comparison. This notification is provided to each affected installation, its major claimant, the chain of command, area CA coordinators, appropriate area public affairs offices and the Chief of Information (CHINFO). The message authorizes local announcement of the CAs to be studied using the statements contained in the following paragraphs, with appropriate local information inserted.

2. Congressional Announcements and Notifications. The CNO (N4) prepares the announcement to Congress of CA actions as required by the type of cost comparison.

a. Intention to Study Functions. The CNO (N4) reviews the CA functions nominated for cost comparison. If the functions are approved for cost comparison, CNO (N4) prepares a list of functions to be studied, by location, for distribution to members of Congress by the Office of Legislative Affairs (OLA). The CNO (N4) also prepares letters to the Speaker of the House and the President of the Senate advising them of the planned studies.

b. Intention to Contract - Sealed Bids. The contract award decision will be made at the conclusion of the cost comparison, a process that includes bid opening, determination of the apparent low bidder, completion of any appeal process, and a pre-award survey, if required. If a contract award is indicated, CNO (N4) coordinates congressional notification of the Navy's intention to award a contract. Upon notification, CNO (N4) will authorize contract award.

c. Intention to Contract--Negotiated Procurements. If after examining all proposals there exists an apparent successful offeror, a tentative contract award is made contingent upon the outcome of the appeal process. If contract award persists after completion of the appeal process, CNO (N4) coordinates congressional notification of the Navy's intention to authorize performance by contract. The CNO (N4) will advise

the activity, by message, of the congressional notification and will authorize commencement of the contract.

d. Decision to Retain Function In-House. No congressional notification is required when the cost comparison determines in-house retention of function.

3. Local Announcements. Public announcement will be made to all affected parties, including tenants, local activities, and employee groups and unions upon a decision to conduct a cost comparison, award a contract, or retain functions in-house. While each message must be tailored to the specific situation and location, certain aspects of notification are common and may be disseminated by a common template of information. Example media statements are at the end of this appendix.

(Note: Public announcements beyond a letter to employees and employee organization representatives may be deferred to concerned members of Congress. After Congress has been notified by the Office of Legislative Affairs, the Office of the Assistant Secretary of Defense (Public Affairs) will make a media advisory announcement.)

4. Inquiries. The following questions and answers may be used to respond to CA questions generated by local interest and involvement. Some of the inquiries may cross chain of command and local activity lines of responsibility, requiring compilation of information from a variety of affected installations or tenant commands. Communication between area PAOs is essential to ensure a smooth flow of information and present a coordinated responses to legitimate local concerns.

Q1: Why are these functions being considered for contract performance?

A1: It has been the policy of each Presidential Administration since 1955 to require all Federal departments and agencies to rely on the private enterprise system to the maximum extent possible to provide needed products and services. The Commercial Activities (CA) Program, which determines the most economical way of providing needed products and services, is consistent with this policy.

Q2: Will contracting have any influence on our military readiness since functions may be performed by civilian contractors instead of military personnel?

A2: These functions have been reviewed and it has been determined that contract performance will not affect readiness.

Q3: What other installations could be subject to contracting?

A3: Most Navy installations in the United States, its territories and possessions, and the Commonwealth of Puerto Rico have functions that could be included in the CA Program.

Q4: Will contractors offer employment for civilians displaced as a result of conversion?

A4: Contractors will give Federal employees displaced as a result of a conversion their "Right of First Refusal," as required by law, for employment opportunities in positions for which they are qualified.

Q5: What do these studies involve?

A5: Studies involve the identification of the cost of Government performance and the solicitation of bids/offers from the private sector for functions under study. A Performance Work Statement (PWS), specifying the requirements to be studied, is developed for inclusion in the solicitation. The PWS forms the basis for a Most Efficient Organization (MEO) developed to perform the function in-house. The MEO is used to determine costs for the Government estimate used in the cost comparison. If the cost comparison reveals the cost of contractual performance is less than the cost of Government performance by a factor equal to, or greater than, 10 percent of the Government's personnel costs, the function will be contracted.

Q6: When will the studies start?

A6: Studies for most functions will begin shortly after public announcement.

Q7: Who will conduct studies?

A7: Studies will be conducted primarily by Navy personnel at each installation. Expert consultants may be used to assist with the study.

Q8: Will an environmental impact analysis be conducted prior to conversion?

A8: The Navy will comply with all current regulations concerning environmental impact requirements.

Q9: Will employees and unions at various activities be notified of the studies?

A9: Yes.

Q10: Is there a specific cost savings goal for this project?

A10: No. There are no preconceived goals established since each action must be handled on an individual basis.

5. Other Media Inquires. Refer inquiries beyond the scope of this guidance to the Chief of Information (CHINFO) Newsdesk. Refer Navy Public Affairs policy questions to the CHINFO Plans, Policy, and Community Relations Office. Refer questions regarding CA Program policy to the Chief of Naval Operations (N4).

6. Example text for media news releases:

a. Example text body for media advisory for announcement of cost comparison

City and State - The Navy announced its initiation of detailed studies to determine the feasibility and economy of converting various support functions to contractor performance at local area identify activities at identify naval installations. The study is under the cognizance of Commander, identify naval installation. Currently, there are approximately provide numbers military and civilian personnel affected by the study. Decisions to convert functions to contract will be made only if the studies indicate that significant savings of tax dollars can be achieved. If such decisions are made, Congress and the public will be notified of the study. Any employees affected will receive assistance from Federal placement programs including relocations, in obtaining transfer rights to other positions in the Department of Defense or to other Federal agencies, at government expense, if necessary.

b. Example text body for announcement of cost comparison to employees and unions

This letter is to advise you that a cost comparison of the (name) function will be conducted to determine if it is more cost effective to retain the function in-house or to convert it to contract. The function is being considered as part of a Navy-wide review of commercial activities being undertaken in response to the direction of Office and Management and Budget (OMB) Circular A-76, Performance of Commercial Activities.

The Circular requires periodic review of each commercial activity to determine if continued performance by Government personnel is required for reasons of National

Defense. If not, the Circular prescribes that the function undergo a firm bid/offer cost comparison to determine if continued performance by Government personnel is economical. Both the Government and contract cost figures used in the cost comparison are based on the same scope of work and the same performance standard to assure a fair comparison and continued high level of performance. If the costs of contracting are lower than the costs of continued Government performance by a factor equal to or greater than 10 percent of the Government's personnel costs, the function is converted to contract.

A task group has been formed to coordinate the cost comparison. The task group chairperson is state name, command code, telephone number. As soon as the milestones have been established by the task group, you will be advised. A Performance Work Statement (PWS) will be developed outlining the work results required. From that PWS, the Government's Most Efficient Organization (MEO) for the performance of the function will be determined. The cost of the MEO will be computed to estimate the costs of continued performance by Government personnel. Your suggestions on the preparation of the PWS and MEO are solicited.

In an effort to minimize the personal hardships on the event of conversion, every effort will be made to assist the affected employees in obtaining Federal or other employment. Affected employees will be eligible for placement under the DoD Priority Placement Program. In addition, in the event of a decision to convert to contract, the contract will include a provision, consistent with Government post-employment conflict of interest standards, that the contractor will give affected employees their right of first refusal for employment openings on the contract in positions for which they are qualified.

c. Example text body for direct conversion of 10 or fewer FTE

City and State - The Navy initiated business case analyses to determine the feasibility and economy of converting various support functions to contractor performance at local area identify activities at identify naval installations. The solicitation is under the cognizance of Commander, identify naval installation. Currently, there are approximately provide numbers military and civilian personnel potentially affected. Decisions to directly convert functions to contract will be made after a determination that fair and reasonable prices/service values can be obtained. If such decisions are made, Congress and the public will be notified of the action. Any civilian employees affected will receive assistance from Federal placement programs, including relocations, in obtaining transfer rights to other positions in the Department of Defense or to other Federal agencies, at Government expense, if necessary. Additionally, potential contractors will be notified of requirements to offer to affected and qualified

employees their right of first refusal for jobs that may be created in the event of award of contract.

d. Example text body for announcement to employees and union of direct conversion

This letter is to advise you that a business case analysis of the (name) function will be conducted to determine if it is more cost effective to retain the function in-house or to convert it to contract. The function is being considered as part of a Navy-wide review of commercial activities being undertaken in response to the direction of Office and Management and Budget (OMB) Circular A-76, Performance of Commercial Activities.

The Circular requires that each commercial activity be reviewed periodically to determine if continued performance by Government personnel is required for reasons of National Defense. If not, the Circular prescribes that the function undergo a feasibility study to determine if continued performance by Government personnel is economical. If available market /commercial prices are lower than the costs of continued Government performance of the Government's personnel costs, the function is converted to contract.

A task group has been formed to coordinate the cost comparison. The task group chairperson is state name, command code, telephone number. When the cost comparison is completed by the task group, you will be advised of the outcome.

In an effort to minimize the personal hardships in the event of conversion, every effort will be made to assist the affected employees in obtaining Federal or other employment. Affected employees will be eligible for placement under the DoD Priority Placement Program. In the event of a decision to convert to contract, the contract will include a provision, consistent with Government post-employment conflict of interest standards, that the contractor will give affected employees their right of first refusal for employment openings on the contract in positions for which they are qualified.

e. Example text body for announcement of conversion to contractor operation

The Navy announced today its decision to convert various support functions (or list function(s)) at (activity(ies)) in the (location(s)) under the cognizance of (command or activity) to contractor performance. A contract was awarded to (name of contractor). There were (number) military personnel and (number) Navy civilian personnel performing the functions before the decision to convert to contract.

The decision to convert the functions to contract was made after a detailed study indicated that significant savings of tax dollars could be achieved. Congress and the public have been notified according to normal procedures. The civilian employees affected are receiving assistance from Federal placement programs in obtaining transfer or reassignment to other positions in the Department of Defense or to other Federal agencies. Civilian employees affected also have the right of first refusal for employment openings on the contract in positions for which they are qualified.

f. Example text body for announcement of retention of in-house operation

The Navy announced today that it will retain in-house various support (or list functions) at (activity(ies)) in the (location(s)) under the cognizance of (command or activity). Currently there are (number) military personnel and (number) Navy civilian personnel performing the functions. As a result of efficiencies identified in this study the Navy expects that (number) of these positions will be eliminated. The civilian employees affected by this decision are receiving assistance from Federal placement programs in obtaining transfer or reassignment to other positions in the Department of Defense or to other Federal agencies. The decision to retain the performance of the functions in the government was made after a detailed study indicated it was more cost effective to continue to perform the functions by Governmental personnel than by contract.